

House Research Act Summary

CHAPTER: 97

SESSION: 2011 Regular Session

TOPIC: Energy

Date: June 1, 2011

Analyst: Bob Eleff

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Section

- 1** [16E.15] **Subd. 2. Software sale fund.** Strikes language requiring proceeds from sales of energy-saving software developed by or for the Department of Education to be credited to the weatherization program.
- 2** [116C.770] **Subd. 1. Renewable development account.** Specifies that approval of the Public Utilities Commission is not needed for expenditures made from the account for renewable energy production incentive (REPI) payments or to the Initiative for Renewable Energy and the Environment (IREE) at the University of Minnesota. See section 32.
- 3** [116C.779] **Subd. 3. Initiative for Renewable Energy and the Environment.** Strikes the \$5 million allocation to IREE for FY 2013.
- 4** [216A.07] **Subd. 3a. Regional and national duties.** Authorizes the Department of Commerce to represent the state's interests to bodies outside the state that implement energy policies that affect Minnesota.
- 5** [216B.02] **Subd. 1b. Commissioner.** Definition.
- 6** [216B.026] **Subd. 1. Election.** Strikes language allowing a certain cooperative electric association to initiate a vote among association members regarding subjecting the cooperative to price regulation by the commission by gathering signatures of only one percent of cooperative members, rather than the five percent required for all other cooperatives.

- 7 **[216B.096] Subd. 3. Utility obligations before cold weather period.** Allows notification of customers regarding their rights and responsibilities with respect to the cold weather rule to be delivered electronically to customers receiving electronic bills.
- 8 **[216B.16] Subd. 6b. Energy conservation improvement.** Prohibits the Minnesota Public Utilities Commission from including a utility's conservation expenditures in determining:
- electric and natural gas rates for large customer facilities (defined in section 18) exempted under section 216B.241, subdivision 1a, from having their energy revenues included in the gross operating revenues of their utilities for the purpose of determining the utility's required expenditures under the Conservation Improvement Program (CIP); and
 - gas rates for commercial gas customers exempted under section 216B.241, subdivision 1a, from having their energy revenues included in the gross operating revenues of their gas utility for the purpose of determining the utility's required CIP expenditures.
- 9 **[216B.16] Subd. 7. Energy and emission control products cost adjustment.** Allows a public utility to file rate schedules allowing for an automatic adjustment in rates for costs of chemicals used to reduce air emissions of the utility's generating plants.
- 10 **[216B.16] Subd. 9. Charitable contribution.** Technical. Updates a reference.
- 11 **[216B.16] Subd. 15. Low-income affordability programs.** Strikes language allowing affordability programs to include inverted block rate designs, which charge lower prices for initial blocks of energy consumption.
- 12 **[216B.16] Subd. 19. Multiyear rate plan.** Allows, after May 31, 2012, the filing and commission approval, modification, or disapproval of multiyear rate plans up to three years in length.
- 13 **[216B.1614] Nuclear power plant decommissioning and storage of used nuclear fuel.** Requires triennial decommissioning filings to include estimates of the costs and ratepayer impacts of storing spent nuclear fuel in Minnesota for periods of 60, 100, and 200 years following cessation of plant operations. The commission must file a report to the legislature that: evaluates costs arising from spent nuclear fuel storage that may be incurred by the state, a county, city, township, or tribal community where the fuel is stored; explains its decommissioning funding decisions; and analyzes the financial obligations of decommissioning to the state and host communities.
- 14 **[216B.1691] Subd. 1. Definitions.** Specifies that "total electric retail sales," the base for calculating a utility's renewable energy standard obligation, do not include hydropower supplied by any federal agency, regardless of whether the sales are direct or pooled.
- 15 **[216B.1691] Subd. 2e. Rate impact of standard compliance report.** Requires electric utilities subject to the state's Renewable Energy Standard to submit a biennial report to the legislature estimating the cost impact on wholesale and retail rates of complying with the standard.
- 16 **[216B.1694] Subd. 3. Staging and permitting.** Accords a natural gas plant located at a single designated innovative energy project site certain regulatory incentives originally

intended for that project (section 216B.1694), and allows the plant to utilize certain state permits and approvals issued to that project, which remain valid for four years from the date of the last permit issued or until June 30, 2019, whichever is earliest. Prohibits any state permit for an innovative energy project to be the subject of contested case hearings.

17 **[216B.2401] Energy conservation policy goal.** Strikes language allowing inverted block rates as a method to achieve conservation through rate design.

18 **[216B.241] Subd. 1. Definitions.**

(g) Amends the definition of "gross annual retail energy sales" to conform with the changes in section 8.

(h) Replaces the definition of "large electric customer facility" with "large customer facility," and expands it to include natural gas customers consuming 500 million cubic feet or more annually. In calculating peak demand (to meet the definition's 20,000 kW threshold), a customer may include demand offset by on-site cogeneration facilities, and may, if it is a mineral extraction company, aggregate the electricity consumption of its mining and processing facilities.

19 **[216B.241] Subd. 1a. Investment, expenditure, and contribution; public utility.**

Allows a large customer facility to petition the commissioner of commerce to exempt the electric and gas utilities serving it from the conservation spending requirements of this paragraph with respect to that customer's revenues. The petition must discuss competitive economic pressures on the customer and efforts to identify and implement cost-effective conservation improvements. The commissioner may request reports from the customer every five years demonstrating the customer's ongoing commitment to conservation, and may rescind an exemption if it is determined that the customer no longer is making reasonable efforts to identify and implement cost-effective conservation improvements.

Allows a commercial gas customer that is not a large energy customer to petition for exemption of its retail revenues from the conservation spending requirements of the gas utility serving it, provided the customer demonstrates the capability to obtain natural gas directly from an unregulated supplier rather than from the utility, and the utility has fewer than 600,000 natural gas customers. Permits a utility to appeal a commissioner's exemption decision to the commission.

20 **[216B.241] Subd. 1c. Energy saving goals; public utility.** Prohibits the commissioner from approving a plan of a public utility that provides for an annual energy-savings goal below one percent of gross retail energy sales.

21 **[216B.241] Subd. 2. Programs.** Specifies that a public utility may not invest in energy measures that benefit large energy customers or commercial gas customers exempted under subdivision 1a.

22 **[216B.2425] Subd. 2. List development; transmission projects report.** Exempts a company owning or operating transmission lines in the state that serve a single customer or interconnect a single generating facility from filing a biennial transmission projects report with the commission.

23 **[216B.49] Subd. 3. Commission approval required.** Specifies that the commission must approve a utility's sale of securities, either as an individual issuance or as one of multiple

possible issuances.

- 24 - 25 **[216B.62] Subds. 2 and 3. Technical. Reference change.**
- 26 **[216B.62] Subd. 3b. Assessment for department regional and national duties.**
 Authorizes the Department of Commerce to assess regulated utilities up to \$1 million annually to support its duties under section 4.
- 27 **[216C.11] Energy conservation information center.** Strikes language requiring the center to compile information regarding disconnections of service under the cold weather rule.
- 28 **[216C.264] Coordinating residential weatherization programs.** Strikes language requiring the commissioner of commerce to issue rules regarding residential weatherization grants.
- 29 **[216E.18] Subd. 3. Funding; assessment.** Requires "true-up" for previous year's assessment for commission's powerplant and transmission line siting activities in 2Q.
- 30 **[216H.03] Subd. 7. Other exemptions.** Exempts up to 100 MW in purchases from a plant that meets certain requirements and is located in a state adjacent to Minnesota from the prohibition on purchases from coal plants that increase the state's greenhouse gas emissions.
- 31 **Conservation improvement program exemption: temporary commissioner authority.**
 Authorizes the commissioner of commerce to grant an exemption to a natural gas customer of a certain utility under section 19 above sooner than otherwise provided.
- 32 **Temporary prohibition of public utilities commission approval of certain renewable development account expenditures.** Prohibits commission approval of expenditures from the renewable development account for energy grants until July 1, 2012, unless projects were approved before May 28, 2011.
- 33 **Melrose public utilities commission membership.** Authorizes the city of Melrose to increase the size of its Public Utilities Commission to up to seven members.
- 34 **Repealer.** Repeals Minnesota Statutes 2010, sections 216A.085 (Energy Intervention Office), 216B.242 (authorizing the commission to order a pilot program of inverted rates at a utility), 216C.052 (Reliability Administrator position and duties), and 216F.09 (Wind aggregation program and funding).